


MAY 12, 1999

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON MAY 12, 1999, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE BELOW-LISTED MINERAL, SURFACE, DEVELOPMENT, AND TRUST ACCOUNTING BUSINESS MATTERS AS INDICATED.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES M-1 TO M-7; SURFACE ACTIONS AS LISTED ON PAGES S-1 TO S-10; DEVELOPMENT ACTIONS AS LISTED ON PAGES D-1 TO D-4; AND TRUST ACCOUNTING ACTIONS AS LISTED ON PAGES A-1 TO A-2.



DAVID T. TERRY, DIRECTOR
SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION



LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

TRUST LANDS
ADMINISTRATION

Approve JB F 05
Deny _____

May 12, 1999
Mineral Actions
Page M-1

EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

The Oil, Gas & Hydrocarbon leases listed below have reached the end of their terms and have expired on the date listed. These leases should be terminated.

<u>Lease No. 44358</u>	<u>T2S, R1E, USB&M</u>	<u>Uintah County</u>
Flying J Exploration and Production, Inc. 333 West Center Street North Salt Lake City, UT 84054	Sec. 1: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00 acres

Expiration Date: April 30, 1999

Fund: Univ

<u>Lease No. 44357</u>	<u>T35S, R3W, SLB&M</u>	<u>Garfield County</u>
Kidd Family Partnership 3838 Oak Ave, Suite 725 Dallas, TX 75219	Sec. 34: SW $\frac{1}{4}$, NE $\frac{1}{4}$	320.00 acres

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44356</u>	<u>T40S, R21E, SLB&M</u>	<u>San Juan County</u>
Chuska Energy Company 315 North Behrend Farmington, NM 87401	Sec. 27: NW $\frac{1}{4}$ SE $\frac{1}{4}$	40.00 acres

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44352</u>	<u>T37S, R24E, SLB&M</u>	<u>San Juan County</u>
Yates Petroleum Corp 105 South Fourth St. Artesia, NM 88210	Sec. 32: All	640.00 acres

Expiration Date: April 30, 1999

Fund: SCH

Cont'd ----EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

<u>Lease No. 44351</u>	<u>T37S, R23E, SLB&M</u>	<u>San Juan County</u>
Miller Energy, Inc.	Sec. 16: N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$	440.00 acres
7900 Moorsbridge Rd.		
Portage, MI 49204		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44349</u>	<u>T36S, R25E, SLB&M</u>	<u>San Juan County</u>
Costilla Energy, Inc.	Sec. 36: SW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00 acres
400 West Illinois, Suite 1000		
Midland, TX 79701		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44346</u>	<u>T35S, R26E, SLB&M</u>	<u>San Juan County</u>
Yates Petroleum Corp	Sec. 32: All	640.00 acres
105 South Fourth St.		
Artesia, NM 88210		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44339</u>	<u>T31S, R23E, SLB&M</u>	<u>San Juan County</u>
Ultra Petroleum (USA) Inc.	Sec. 22: SW $\frac{1}{4}$	160.00 acres
c/o Woerndle, Patterson,		
Strain & Miller		
1004 N Big Spring, Suite 121		
Midland, TX 79701		

Expiration Date: April 30, 1999

Fund: SCH

Cont'd ---EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

<u>Lease No. 44335</u>	<u>T25S, R20E, SLB&M</u>	<u>Grand County</u>
Intrepid Oil & Gas, Inc.	Sec. 32: SW¼	160.00 acres
1801 Broadway, Suite 800		
Denver, CO 80202		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44321</u>	<u>T16S, R21E, SLB&M</u>	<u>Grand County</u>
National Fuel Corporation	Sec. 32: All	640.00 acres
5000 South Quebec St., Suite 640		
Denver, CO 80237		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44318</u>	<u>T14S, R20E, SLB&M</u>	<u>Uintah County</u>
Dan K. Shaw	Sec. 36: All	640.00 acres
4435 S. Eastern Ave		
Las Vegas, NV 89119		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44308</u>	<u>T9S, R18E, SLB&M</u>	<u>Uintah County</u>
Inland Production Company	Sec. 16: All	640.00 acres
475 17 th Street, Suite 1500		
Denver, CO 80202		

Expiration Date: April 30, 1999

Fund: SCH

Cont'd ---EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

<u>Lease No. 44307</u>	<u>T9S, R18E, SLB&M</u>	<u>Uintah County</u>
Inland Production Company	Sec. 2: All	640.40 acres
475 17 th Street, Suite 1500		
Denver, CO 80202		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44304</u>	<u>T7S, R21E, SLB&M</u>	<u>Uintah County</u>
Andex Resources, L.L.C.	Sec. 29: Lots 5-8, 10-14, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$	582.90 acres
1001 Fannin, Suite 2000		
Houston, TX 77002	Sec. 31: Lots 5, 6, 7, 9	
	Sec. 32: Lots 1, 2, 3, 6, 7, 8, 9	

Expiration date: April 30, 1999

Fund: SCH

<u>Lease No. 44301</u>	<u>T5S, R21E, SLB&M</u>	<u>Uintah County</u>
Jas. O Breene, Jr.	Sec. 26: W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	280.00 acres
1700 Broadway, #1219	Sec. 27: NE $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$	
Denver, CO 80290		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44302</u>	<u>T6S, R19E, SLB&M</u>	<u>Uintah County</u>
Pennzoil Company	Sec. 10: S $\frac{1}{2}$ SW $\frac{1}{4}$	142.03 acres
P.O. Box 2967	Sec. 16: Lots 1, 2, 3	
Houston, TX 77252-2967		

Expiration Date: April 30, 1999

Fund: Univ

Cont'd ---EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

<u>Lease No. 44298</u>	<u>T2N, R12E, SLB&M</u>	<u>Summit County</u>
Plains Petroleum	Sec. 23: N½	320.00 acres
Operating Company		
12596 West Bayaud, Suite 400		
P.O. Box 281306		
Lakewood, CO 80228		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 48191</u>	<u>T16S, R8E, SLB&M</u>	<u>Emery County</u>
Credo Petroleum Corp.	Sec. 28: E½, W½NW¼, SE¼NW¼,	1,639.53 acres
1801 Broadway, #900	N½SW¼, SE¼SW¼	
Denver, CO 80202	Sec. 29: SW¼NE¼, N½NW¼, SW¼NW¼,	
	N½SW¼, SE¼SW¼, NW¼SE¼	
	Sec. 33: Lots 1,2,4, N½, N½S½	
	Sec. 34: N½SE¼	
	Sec. 35: N½NW¼	

Expiration Date: April 30, 1999

Fund: SCH

TRUST LANDS
ADMINISTRATION
Approve T.B.F. DT
Deny _____

EXPIRATION OF METALLIFEROUS MINERAL LEASE

The Metalliferous Mineral leases listed below have reached the end of their terms and have expired on the date listed. These leases should be terminated, and the acreage should be offered for lease through the Trust Lands Administration's simultaneous filing process.

<u>Lease No. 44385</u>	<u>T27S, R11W, SLB&M</u>	<u>Beaver County</u>
Nevada Corporation	Sec. 2: All	640.00 acres
10735 Stone avenue North		
Seattle, WA 98133		

Expiration Date: April 30, 1999

Fund: SCH

Cont'd ---EXPIRATION OF METALLIFEROUS MINEAL LEASE

<u>Lease No. 44373</u>	<u>T21S, R16W, SLB&M</u>	<u>Millard County</u>
Crown Resources Corp.	Sec. 16: S½	320.00 acres
World Trade Center		
1675 Broadway Tower		
Suite 2400		
Denver, CO 80202-4633		

Expiration Date: April 30, 1999

Fund: SCH

<u>Lease No. 44364</u>	<u>T6N, R19W, SLB&M</u>	<u>Box Elder County</u>
Pilot Exploration Inc.	Sec. 16: N½N½, S½NW¼	234.69 acres
1585 NW Emperor Dr.	(Less patented mining claims)	
Corvallis, OR 97330		

Expiration Date: April 30, 199

Fund: SCH

MODIFICATION TO OIL, GAS & HYDROCARBON LEASE TERMS R850-20-3800. OPTION TO MODIFY 1981 FORM

R850-20-3800 allows a lessee, whose lease was written on a 1981 form or subsequent form with the same minimum royalty requirement, to agree in writing to change the amount of minimum royalty from three times the annual rental to \$1.00 per acre. This changes the eleventh thru fifteenth year annual payment from \$8.00 per acre to \$3.00 per acre. The following lessees have submitted written documentation requesting this amended royalty provision:

<u>Lessee</u>	<u>Lease No.</u>	<u>Fund</u>
Yates Petroleum	ML 44305	SCH
Lane Lasrich	ML 44354	SCH

TRUST LANDS
ADMINISTRATION
Approve JB F Dt
Deny _____

CORRECTION TO DIRECTORS AGENDA, OIL, GAS & HYDROCARBON LEASE ML 45914

On May 3, 1993, the Director approved oil, gas & hydrocarbon lease ML 45914. The acreage of the lease on May 3, 1993 was incorrect as 1,842.14 acres. The School and Institutional Trust Lands Administration records should be corrected to show the correct acreage as 2002.14 acres. Future billings should reflect the current acreage. **This item is for record keeping purposes only.**

Fund: SCH

TRUST LANDS
ADMINISTRATION
Approve TBF DT
Deny _____

WITHDRAWAL No.35 LEASING OF INDUSTRIAL SANDS

Pursuant to Section 53C-2-406 of the Utah Code, the Director has formally withdrawn all Trust lands within the State from leasing of Industrial Sands and mineral lease application pending revision of the Trust Lands Administration's rules and regulations for leasing of Industrial Sands.

Mr. Tom Faddies recommends that the Director approve the Statewide withdrawal of Industrial Sands from mineral leasing.

FULL RELEASE OF CASH BOND, METALLIFEROUS MINERALS LEASE ML 45761, LESSEE, RIVER RESEARCH AND DEVELOPMENT; FUND: SCH

On July 31, 1996, the Director accepted a check, No 0003, in the amount of \$10,000.00, submitted by Golden Opportunities Investors, on behalf of the lessee, River Research and Development, for reclamation of mine related activity on lands encompassed by the above referenced Metalliferous Minerals lease - DOGM file No. S/047/062. A surface examination conducted on September 24, 1998 revealed that not all the mine related structures and equipment had been removed from the leased lands. On September 30, 1998, the Director released \$8,750.00 of the cash bond and retained \$1,250.00 until the remaining structures and mining equipment was either removed or the surface owner accepted responsibility for the remaining structures and equipment. The surface owner, Mr. Duane W. Holmes, has submitted a letter, received by the Trust Lands Administration on May 4, 1999, indicating that he did not object to having the structures and equipment remain on his land. With the surface owner accepting responsibility for structures and equipment left on the land by the mineral lessee the Trust Lands Administration is no longer obligated to hold a reclamation bond for the mine related activities of the mineral lessee and the remaining \$1,250.00 in reclamation bond should be released to Golden Opportunities Investors.

Amount to be released: \$1,250.00
Released to: Golden Opportunities Investors
2175 East 5000 South
Vernal, Utah 84078

Mr. Stokes recommends that the Director release the remaining \$1,250.00 cash bond to Golden Opportunities Investors.

TRUST LANDS
ADMINISTRATION
Approve TBF DT
Deny _____

GRAZING PERMITS

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

GRAZING PERMIT NO. 21214 (REQUEST FOR NON-USE)

Emory C. Smith, c/o Allan Smith, P.O. Box 153, Duchesne, Utah 84021, has requested a 100% non-use credit of fees paid for grazing rental in May 1998. The season of use was for months of November through February. The Bureau of Land Management has confirmed that poor forage conditions precluded the use of the permitted lands, so a 100% credit (\$123.00 for grazing rental and \$3.00 weed control fee should be applied to GP 21214. The \$20.00 non-use application fee has been received. Duchesne County. School fund.

Mr. Hales recommends that the Director approve the non-use credit for Grazing Permit No. 21214.

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

GRAZING PERMIT NOS. 21525 AND 22652 (REQUEST FOR NON-USE)

Hyrum Corey Perkins and George Tim Perkins, 11 South 300 West (55-5), Blanding, Utah 84511, have requested a 100% non-use credit of fees paid for grazing rental in May 1998. The season of use was for months of January to April. The Bureau of Land Management has confirmed that poor forage conditions precluded the use of the permitted lands, so a 100% credit of \$538.90 for grazing rental and \$12.90 weed control fee should be applied to GP 22652, and a 100% credit of \$1,227.70 for grazing rental and \$29.70 weed control fee of \$29.70 should be credited to GP 21525. A \$20.00 non-use application fee has been received for both permits. San Juan County. School fund.

Mr. Hales recommends that the Director approve the non-use of Grazing Permit Nos. 21525 and 22652.

TRANSFER OF GRAZING PERMITS TO THE FEDERAL GOVERNMENT (CORRECTION OF MINUTES DATED MARCH 3, 1999)

On the March 3, 1999 Director's Minutes, GP 22663 was noted to be transferred in part pursuant to the Utah Schools and Lands Exchange Act of 1998, Public Law 105-335 (1998) as part of the Federal/State Exchange that was formalized on January 8, 1999. The portion transferred was typed incorrectly. It was noted that the sections located in Township 12 South, Range 9 West, SLB&M were transferred; however, the sections that were

transferred were located in Township 12 South, Range **19** West, SLB&M. Trust Lands records should be noted. Juab County. School fund.

This item was submitted by Ms. Barndt for record-keeping purposes.

GRAZING PERMIT NO. 22612F (ASSIGNMENT OF AUMS AND
CANCELLATION OF PERMIT)

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

In March of 1998, Reuben Morrell, 161 West 950 South #V2, St. George, Utah 84770, contacted the Trust Lands Administration with the intent of assigning 100% interest in the above referenced grazing permit to Richard L. and Rebecca Pace, P.O. Box 6, Teasdale, Utah 84773. Mr. Morrell died prior to signing the assignment forms. Mrs. Morrell failed to prove she was heir to the estate, therefore the assignment could not be completed. It is recommended that GP 22612F be canceled and the 4.00 AUMs included in this permit be transferred to Richard & Rebecca Pace (GP 22612J). The \$20.00 assignment fee was receipted May 4, 1999. Wayne County. School fund.

Mr. Hales recommends that the Director approve the cancellation of GP 22612F and the transfer of AUMs to GP 22612J.

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MODIFIED GRAZING PERMITS

MODIFIED GRAZING PERMIT NO. 7 (CANCELLATION)

The above referenced grazing permit in the name of M R L Cattle, P.O. Box 62, Richfield, Utah 84701, expired its term on April 30, 1998. The property encompassed within the permit was advertised in the Richfield Reaper for new applications. Trust Lands Administration records should be noted. Sevier County. School fund

Ms. Lane submitted this item for record-keeping purposes.

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EASEMENTS

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

EASEMENT NO. 581 (APPROVAL)

APPLICANTS NAME AND ADDRESS:

Wasatch Oil and Gas
P.O. Box 699
Farmington, Utah 84025-0699

LEGAL DESCRIPTION:

Township 12 South, Range 16 East, SLB&M
Section 16: Within the S2N2 and N2S2

Beginning at a point on the East line Section 16, T12S, R16E, SLM, which bears N 0°02' West 1873.95 feet from the Southeast corner of said Section (said beginning point also being called P.O.S.L. 334 + 13.88); thence North 58°12'51" West 85.29 feet; thence North 57°18'11" West 316.00 feet; thence North 61°43'51" West 284.86 feet; thence South 85°28'39" West - 305.66 feet; thence North 51°20'01" West - 227.93 feet; thence North 77°51'51" West - 87.99 feet; thence North 46°03'51" West - 376.96 feet; thence North 44°48'01" West 163.97 feet; thence North 38°54'21" West 236.00 feet; thence North 15°40'21" West 255.74 feet; thence North 8°47'46" West 320.46 feet; thence North 12°53'60" West 232.55 feet; thence North 24°56'33" West 269.60 feet; thence North 53°24'23" West 610.92 feet; thence North 18°25'27" West 190.38 feet; thence North 52°38'31" West 170.0 feet; thence North 27°41'11" West 243.95 feet; thence North 55°24'11" West 31.40 feet; thence North 28°19'04" East 337.27 feet; thence North 9°44'44" East 155.68 feet to a point on the North line said section, which bears South 89°57' East 2788.77 feet from the Northwest corner of said section (said ending point also being called P.O.S.L. 383 + 16.49). Basis for bearings is the assumption that the West line Section 26, T12S, R16E, SLM, bears North. Total length of right of way from P.O.S.L. 334 + 13.88 to P.O.S.L. 383 + 16.49 is 4902.61 feet or 0.93 miles. Width of right of way is 50 feet (15 feet perpendicular to the North and 35 feet perpendicular to the South of the centerline). Total acreage is 5.63 acres, more or less.

COUNTY: Carbon

ACRES: 5.63

FUND: School

PROPOSED ACTION:

The applicant proposes to operate a surface-laid natural gas pipeline

which is the line laid for Right-Of-Way No. 1500. ROW 1500 was canceled for non-payment.

RELEVANT FACTUAL BACKGROUND:

Right-Of-Way No. 1500 was issued to Uintah Pipeline Corporation and canceled for non-payment of an administrative fee on February 16, 1988. McCulissis Resources operated the pipeline but did not obtain a replacement easement for ROW 1500. The applicant has acquired production rights to wells from which gas is transported through this pipeline. Consultation with the Utah State Department of Commerce, Division of Corporations, indicates that the applicant is a Utah corporation in good standing and is qualified to do business in the State of Utah.

Consultation with Trust Land Administration archaeologist resulted in the classification of "not an undertaking" because the easement will be issued for a continuing use. This action qualifies for an exception to the RDCC process because no new disturbance will occur and the issuance of the easement will be for a continuing use.

The applicant has paid a total of \$4,165.56 which includes a \$600.00 application fee and \$3,565.56 for the easement.

EVALUATION OF FACTS:

There appear to be no conflicts of use involved with issuing this easement. The term is for 30 years, which is the maximum allowable under R850-40-800, and the applicant will be assessed an administrative fee every three years. The economics of issuing this easement are positive for the Trust Lands Administration and the applicant has paid all necessary fees.

Mr. Faddies recommends that the Director approve the issuance of Easement No. 581 for a term of 30 years, with an administrative fee being assessed every third year, beginning January 1, 2002.

EASEMENT NO. 342 (CORRECTION OF MINUTES DATED NOVEMBER 11, 1995)

The Director'S Minutes dated November 11, 1995, show Easement No. 342 having an expiration date of December 31, 2045. The date should be December 31, 2024. Iron County. School fund. Records should be noted to show the correction.

This information was submitted by Ms. Lane for record keeping purposes.

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SPECIAL USE LEASE AGREEMENTS

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

SPECIAL USE LEASE AGREEMENT NO. 1186 (APPROVAL)

APPLICANTS NAME AND ADDRESS:

IMC Kalium Ogden Corp.
765 North 10500 West
P.O. Box 1190
Ogden, Utah 84402

LEGAL DESCRIPTION:

Township 7 North, Range 11 West, SLB&M

Section 2: All, containing 635.90 acres more or less

Section 16: E½, containing 320.00 acres more or less

Township 8 North, Range 11 West, SLB&M

Section 36: All, containing 320.00 acres more or less

COUNTY: Box Elder ACRES: 1,595.90 FUND: School

PROPOSED ACTION:

The applicant proposes to construct, operate and maintain solar evaporation ponds on the subject lands for the purpose of recovering sulfate of potash, sodium chloride, and magnesium chloride, as well as other minerals that might be recovered by evaporation from waters from the Great Salt Lake.

RELEVANT FACTUAL BACKGROUND:

Application for this industrial type lease was received on July 15, 1998. The permitted premises are located in Box Elder County on lands which are zoned for industrial, mining, and grazing uses. The applicant is a Delaware corporation in good standing, and qualified to do business in Utah.

The application was noticed and copies of the notice were sent to all lessees, permittees, and adjoining landowners. Neither competing applications nor comments were received during the notice period.

Consultation with the Trust Lands Administration archaeologist resulted in the classification of no cultural resource survey being required. The application was submitted for review through the Resource Development Coordinating Committee (RDCC) as part of the review process on October 13, 1998. In addition, Box Elder County government was notified of the application. Clearance from the RDCC was received on November 20, 1998. The only comment was received from the Utah Geological Survey which

noted: a) the presence of shallow groundwater in the area; b) potential earthquake hazards including shaking of the ground during an earthquake, liquefaction, and sensitive clays; and c) potential hazards associated with the Great Salt Lake including flooding, beach erosion, and wind blown ice. A copy of these comments were provided to the applicant.

The term of the lease is 50 years. The annual rental is set at \$13,216.17 for the first five-year period of the lease which is \$8.25 per acre. The lease contains a clause for evaluation and upward increase of the annual rental at the end of each five-year period.

EVALUATION OF THE FACTS:

The public notice period was completed and no competing applications were received, thus fulfilling the requirements of R850-30-500. A cultural resource survey was not completed based on the recommendation from Trust Lands Administration's staff archaeologist. The applicant was notified of the comments received from the Utah Geological Survey.

The issuance of this lease is exempt from the narrative Record of Decision process because the lease application has been advertised for competing applications through the standard process and no competing applications and/or comments were received, and a summary record is the most cost effective manner of processing this application.

R850-30-400 requires the Trust Lands Administration receive at least fair market value for surface leases. An annual rental of \$8.25 per acre is set for the first five-year period of the lease. This is the highest rental rate received from any trust lands which are leased for the purpose of operating solar evaporation ponds.

The lease contains a clause requiring the applicant to provide a reclamation bond in the form and amount specified by the Trust Lands Administration. The lessee has agreed to post bond with the Utah Division of Oil Gas and Mining or the U.S. Bureau of Land Management with respect to its operations on the leased premise and provide a copy of said bond to the Trust Lands Administration.

Mr. Faddies recommends that the Director approve the issuance of SULA 1186 for a period of 50 years, beginning May 1, 1999.

TRUST LANDS
ADMINISTRATION
Approve *NT*
Deny

SPECIAL USE LEASE AGREEMENT NO. 818 (FIVE-YEAR REVIEW)

SULA 818 is an industrial type lease on held by Canyon Fuel Company LLC, c/o ARK Land Company, Suite 300 Cityplace One, St. Louis, Missouri 63141. Canyon Fuel Company LLC is a Delaware Corporation in good standing and has been qualified to do business in Utah since December 17, 1996. The leased premises is 10.00 acres in size. The purpose of this lease is for a roadway and a coal storage pad. Carbon County. School fund.

1. ANNUAL RENTAL:
The scheduled annual review date for this lease is July 1, 1999. The lease expires June 30, 2009. The recommendation is to increase the annual rental payment from the current \$1,380.00 to \$1,830.00 as per the approved index, which is an increase of \$450.00 per year. Notice of the increase was sent to the lessee by certified mail on April 27, 1999. The rental rate per acre at \$1,380.00 per year is \$138.00. The new rental rate will be \$183.00 per acre per year.
2. DUE DILIGENCE:
The development allowed under the terms of the Lease has been completed.
3. PROPER USE:
No evidence of improper use of the leased premises has been noted.
4. ADEQUATE BOND COVERAGE:
Consultation with the Utah Division of Oil Gas and Mining indicates that a bond in the amount of \$3,238,000.00 is in place to insure reclamation of the overall mine property.
5. WATER RIGHTS:
No water rights are associated with this lease.
6. POLLUTION AND SANITATION REQUIREMENTS:
No waste, sanitation, or evidence of any toxic or hazardous materials problems have been identified on the leased premises.
7. NEXT REVIEW DATE:
The next five-year review date for this lease is July 1, 2004.

Mr. Faddies recommends that the Director approve the five-year review of Special Use Lease Agreement No. 982, with the increase in rental as shown.

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MATERIALS PERMITS

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

MATERIALS PERMIT NO. 173 (BOND RELEASE)

The above referenced permit is held by USPCI, Inc., a Laidlaw Company, c/o Grassy Mountain Facility, P.O. Box 22750, Salt Lake City, Utah 84122. Performance and reclamation bond No. 14-45-00 was issued by the American Home Assurance Company in the amount of \$10,000.00.

Township 1 South, Range 10 West, SLB&M,

Section 4: Within the N $\frac{1}{2}$ NW $\frac{1}{4}$ as more particularly described

Beginning at a point on the West line of Section 4, said point being South 00° 03' 00" East 1040.38 feet from the Northwest corner of said Section 4 and running thence North 67° 27' 44" East 565.4 feet; thence North 74° 59' 02" East 849.82 feet; thence North 79° 59' 35" East 384.46 feet; thence North 66° 24' 07" East 249.69 feet; thence East 88.71 feet; Thence South 36° 01' 26" East 262.07 feet; thence South 46° 58' 46" East 243.65 feet; thence South 62° 29' 37" East 156.99 feet; thence South 76° 37' 23" East 573.51 feet; thence South 70° 54' 54" East 104.93 feet; thence South 31° 51' 30" East 145.49 feet; thence South 07° 54' 28" East 48.03 feet to a point 50.00 feet Northerly of the centerline of the Union Pacific Railroad track thence South 83° 32' 04" West 50.00 feet Northerly and parallel to said track 1559.22 feet to a point of a 2973.49 foot radius curve to the left, thence Southwesterly along the arc of said curve and being 50.00 feet Northerly and parallel to said track 1907.00 feet to a point on said West line of Section 4; thence North 00°03'00" West along said West line 1148.06 feet to the point of beginning.

COUNTY: Tooele

ACRES: 55.08

FUND: School

The production and development requirements of the permit have been met. Physical reclamation of the site is completed. The area is shaped and positive drainage is established. Inspections of the site conducted by Mr. Faddies indicate new growth vegetation is underway and the site is clean and free of debris. No hazardous and/or toxic materials are on the site.

Mr. Faddies recommends that the Director approve the release of the bond for Materials Permit No. 173.

* * * * *

SALES

PUBLIC PRE SALE NO. 7275 - CORRECTION OF MINUTES DATED APRIL 14, 1999

The Director's Minutes of April 14, 1999, incorrectly reported that the property identified in Pre Sale No. 7275 (Teasdale East) was sold under Certificate of Sale No. 24688. The correct Certificate of Sale number is 24689. Wayne County. School of Mines fund. Records should be noted.

This item was submitted by Ms. Durrant for record-keeping purposes.

* * * * *

PATENTS

Patents have been issued on the following paid certificates of sale. Records should be noted.

Sale No. P.S. 3369
Certificate of sale No. 17276
Patent No. 19259

Issued to:
James A. Christensen of Redmond, Utah

Legal Description:
Township 20 South, Range 1 West, SLB&M
Section 26: NE $\frac{1}{4}$ SW $\frac{1}{4}$

County: Sevier Acres: 40.00 Fund: University

Public Pre Sale No. 7317-C
Certificate of Sale No. 24687
Patent No. 19261

Issued to:
Henry D. Moyle
P.O. Box 790038
Virgin, UT 84779-0038

Legal Description:
Township 40 South, Range 11 West, SLB&M
Section 32: Lots 5, 6, 8, NW $\frac{1}{4}$ SE $\frac{1}{4}$

County: Washington Acres: 116.22 Fund: SYDC

This item was submitted by Ms. Durrant for record-keeping purposes.

ISSUANCE OF PATENT (CORRECTION OF MINUTES DATED FEBRUARY 3, 1999)

The Director's Minutes dated February 3, 1999, note the issuance of Patent No. 19236 to Kenneth C. Knudson. The item references Certificate of Sale No. 24633. The correct Certificate of Sale No. is 24663. Millard County. School fund. Records should be noted.

This item was submitted by Ms. Durrant for record-keeping purposes.

* * * * *

TIMBER APPLICATIONS

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

TIMBER APPLICATION NO. 740

Sam Cox, P.O. Box 22, Glendale, Utah 84729, has applied for a timber cutting contract to cut stumpage in Kane County. The stumpage was sold for \$83.33/MBF for a total of \$900.00. A \$100.00 application fee was received.

Township 41 South, Range 7 West, SLB&M Kane County
Section 36: NE¼ School fund

Mr. Hales recommends that the Director approve Timber Application No. 740.

* * * * *

SALE OF LOT 1, FORT PIERCE BUSINESS PARK

Certificate of Sale No. 24683

Pre-Sale No. 7320

Patent No. 19254

CRM Construction and Design
1645 South Cobblestone Lane
St. George, UT 84790

**TRUST LANDS
ADMINISTRATION**
Approved meB DT
Deny _____

By Operating Agreement and Articles of Organization dated as of October 1, 1998, the Trust Lands Administration and LGJ, L.C. ("LGJ") agreed to create Ft. Pierce Business Park, L.C. for the development and sale of lots within the Ft. Pierce Business Park on school trust lands in St. George, Washington County. Pursuant to the Operating Agreement, LGJ may enter into contracts for the sale of lots within the business park with prospective purchasers. At closing of the sale, and upon payment of the purchase price, the Trust Lands Administration will convey the lot(s) directly to the purchaser by patent. As an intermediate step, to permit the Governor's office to issue a patent, the Trust Lands Administration and the purchaser will enter into a Certificate of Sale confirming the sale price and legal description.

In accordance with this process, the Trust Lands Administration and CRM Construction and Design, 1645 South Cobblestone Lane, St. George, Utah 84790 ("CRM"), have entered into Certificate of Sale No. 24683 for the sale of lot 1 of the Fort Pierce Business Park to CRM. The purchase price is \$295,540.00, to be paid in cash at closing. Closing is to occur before May 15, 1999. At closing, the purchase price will be paid to Ft. Pierce Business Park, L.C., for distribution pursuant to the Operating Agreement dated October 1, 1998 between the Trust Lands Administration and LGJ.

The legal description of the property and reservations of sale contained in Certificate of Sale No. 24683 are as follows:

Township 43 South, Range 15 West, SLB&M
Section 17: Northeast 1/4 (Within)

Lot 1 of the Fort Pierce Business Park, being more particularly described as follows:

Beginning at a point on the West line of River Road said point being North 88°48'11" West 1,787.34 feet along the center section line and North 656.22 feet from the East ¼ Corner of Section 17, and running thence North 88°04'18" West 189.58 feet; thence South 40°21'19" West 380.67 feet; thence South 00°14'14" West 162.68 feet; thence South 79°07'22" East 461.64 feet to a point on the West line of River Road, said point also being on a 7,340.53 foot radius curve to the left the radius point of which bears

South 88°40'20" West; thence Northerly 63.52 feet along the arc of said curve and said West line through a central angle of 00°29'45"; thence North 01°49'25" West 470.24 feet along said West line to the point of beginning.

Contains 4.222 acres more or less.

Subject to a 15.00 foot drainage and public utilities easement over the east 15.00 feet thereof.

Subject to a 50.00 foot roadway and pipeline easement as described in Book 793, Pages 844 to 849, of the Official Records of Washington County.

Subject to the Covenants, Conditions and Restrictions of the Fort Pierce Business Park Phases II, III and IV, as set forth in the Official Records of Washington County.

Subject to any valid, existing rights of way of any kind and any right, interest, reservation or exception appearing of record, and subject also to all rights of way for ditches, tunnels, and telephone and transmission lines that have been or may be constructed by the United States as provided by statute.

Excepting and reserving to the State all coal and other mineral deposits, along with the right for the State or other authorized persons to prospect for, mine, and remove the deposits as provided by statute.

This item submitted by Ric McBrier for record-keeping purposes. The agency's plats and records should be updated to reflect this transaction. School Fund.

SALE OF LOT 3, FORT PIERCE BUSINESS PARK

Certificate of Sale No. 24697

Pre-Sale No. 7321

Patent No. 19255

Tri-Valley Distributing, Inc.
501 North Bluff Street
St. George, UT 84770

TRUST LANDS
ADMINISTRATION
Approve TRB DT
Deny _____

By Operating Agreement and Articles of Organization dated as of October 1, 1998, the Trust Lands Administration and LGJ, L.C. ("LGJ") agreed to create Ft. Pierce Business Park, L.C. for the development and sale of lots within the Ft. Pierce Business Park on school trust lands in St. George, Washington County. Pursuant to the Operating Agreement, LGJ may enter into contracts for the sale of lots within the business park with prospective purchasers. At closing of the sale, and upon payment of the purchase price, the Trust Lands Administration will convey the lot(s) directly to the purchaser by patent. As an intermediate step, to permit the Governor's office to issue a patent, the Trust Lands Administration and the purchaser will enter into a Certificate of Sale confirming the sale price and legal description.

In accordance with this process, the Trust Lands Administration and Tri-Valley Distributing, Inc. 501 North Bluff Street, St. George, Utah 84770 ("Tri-Valley"), have entered into Certificate of Sale No. 24697 for the sale of lot 3 of the Fort Pierce Business Park to Tri-Valley. The purchase price is \$78,000, to be paid in cash at closing. Closing is to occur before May 15, 1999. At closing, the purchase price will be paid to Ft. Pierce Business Park, L.C., for distribution pursuant to the Operating Agreement dated October 1, 1998 between the Trust Lands Administration and LGJ.

The legal description of the property and reservations of sale contained in Certificate of Sale No. 24697 are as follows:

Township 43 South, Range 15 West, SLB&M

Section 17: East 1/2 (Within)

Lot 3 of the Fort Pierce Business Park, being more particularly described as follows:

Beginning at a point on the West line of River Road said point being N 88°48'11" West 1,778.13 feet along the center section line and South 281.93 feet from the East ¼ Corner of Section 17, said point also being on a 2,820.00 foot radius curve to the right the radius point of which bears N 85°18'05" West, and running thence

Southerly 200.04 feet along the arc of said curve and said West line through a central angle of $04^{\circ}03'52''$; thence N $81^{\circ}14'13''$ West 277.07 feet; thence N $15^{\circ}59'15''$ East 183.79 feet; thence S $85^{\circ}18'05''$ East 247.49 feet to the point of beginning.

Contains 1.153 acres more or less.

Subject to a 15.00 foot drainage and public utilities easement over the east 15.00 feet thereof.

Subject to the Covenants, Conditions and Restrictions of the Fort Pierce Business Park Phases II, III and IV, as set forth in the Official Records of Washington County.

Subject to any valid, existing rights of way of any kind and any right, interest, reservation or exception appearing of record, and subject also to all rights of way for ditches, tunnels, and telephone and transmission lines that have been or may be constructed by the United States as provided by statute.

Excepting and reserving to the State all coal and other mineral deposits, along with the right for the State or other authorized persons to prospect for, mine, and remove the deposits as provided by statute.

This item submitted by Ric McBrier for record-keeping purposes. The agency's plats and records should be updated to reflect this transaction. School Fund.

ACCOUNTING UNIT
Approve DT
Deny

CANCELLED EASEMENT PERMIT

The following easement permit was not paid on or before the cancellation date of April 12, 1999. A certified notice was mailed.

<u>NAME</u>	<u>ACCOUNT NO.</u>	<u>FUND(S)</u>	<u>COUNTY</u>
Pacificorp	ESMT 220	SCH	Washington

Ms. Hill, Budget Manager, recommends that the Director approve the cancellation of the above-listed easement permit for non-payment.

ACCOUNTING UNIT
Approve DT
Deny

CANCELLED MINERAL LEASES

The following mineral leases are those not paid on or before the cancellation date of April 12, 1999. Certified notices were mailed.

<u>NAME</u>	<u>ACCOUNT NO.</u>	<u>FUND(S)</u>	<u>TYPE</u>
Jerry Glazier	ML 40450	SCH	MM
Plains Petroleum Operating Company	ML 44707	SCH	OGH
Plains Petroleum Operating Company	ML 44708	SCH	OGH
Ray Talley	ML 46072	SCH	OGH
Stanley Dowling	ML 46393 A	SCH	OGH
Arma Energy Corporation	ML 46433	SCH	OGH
R. Reed Call	ML 46879	SCH	MM
Gerald L. Stanford	ML 46880	SCH	OGH
Arnold R. Brannon	ML 47501	SCH	MM
Robert Steele	ML 47511	SCH	MM
Robert Steele	ML 47512	SCH	MM
3R Minerals	ML 47951	SCH	MM

Ms. Hill, Budget Manager, recommends that the Director approve the cancellation of the above-listed mineral leases for non-payment.

ACCOUNTING UNIT
Approve LAG DT
Deny _____

CANCELLED SPECIAL USE LEASE AGREEMENT

The following special use lease agreement was not paid on or before the cancellation date of April 12, 1999. A certified notice was mailed.

<u>NAME</u>	<u>LEASE NO.</u>	<u>FUND(S)</u>	<u>TYPE</u>
Moab Gas Storage LLC	SULA 1032	SCH	IND

Ms. Hill, Budget Manager, recommends that the Director approve the cancellation of the above-listed special use lease agreements for non-payment.

ACCOUNTING UNIT
Approve LAG DT
Deny _____

MINERAL LEASE CANCELLED FOR NON-PAYMENT - ML 44425

The following mineral lease was not paid on or before the cancellation date of August 14, 1998. The lease was not cancelled at the time of non-payment due to the fact that it was a producing lease. Several attempts have been made to contact the lessee regarding the payment of the rental. The rental still has not been paid and the lease has not produced in paying quantities for the past year.

<u>NAME</u>	<u>LEASE NO.</u>	<u>FUND(S)</u>	<u>TYPE</u>
Lorna M. Herbaly	ML 44425	SCH	OGH

Ms. Hill, Budget Manager, recommends that the Director approve the cancellation of the above-listed mineral lease for non-payment.

INTEREST RATES

Following are the current and past year prime rates as reported by Zions Bank:

<u>CURRENT YEAR</u>	<u>YEAR AGO</u>
7.75%	8.50%